

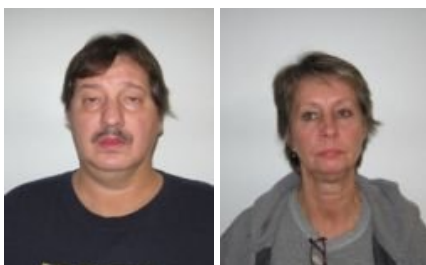
## ALLEGED FRAUDULENT BILLINGS LEAD TO ARREST



On September 13, 2010, Daniel DiCesaro was arrested and charged with one count of Corrupt Organizations (F1), one count of Insurance Fraud (F3) and one count of Theft by Deception (F3) in Allegheny County. DiCesaro, a chiropractor, operated chiropractic facilities known as DiCesaro Spine and Sport. According to a grand jury investigation, on numerous dates beginning in 2006 and continuing through 2008, DiCesaro allegedly submitted billings to Highmark Blue Cross/Blue Shield, or other blue cross/blue shield companies for which Highmark was the host plan, for services purportedly provided to student athletes that were either not provided, were not provided by licensed personnel or were not medically necessary.

Evidence and testimony presented to the Grand Jury alleged that many of the clients, high school athletes, began going to DiCesaro Spine and Sport to receive athletic training, such as speed and agility training, high speed treadmill work and weight training, not treatment to correct medical problems. According to the Grand Jury, DiCesaro instructed that the billing forms submitted to insurance companies should be marked for an office visit, gait training, mechanical traction and therapeutic procedure. These procedures would be covered by insurance if used as rehab from an injury, but these services would not have been paid had the insurer known services were not performed, were performed by unlicensed personnel or were not medically necessary. The investigation identified at least 37 student athletes whose insurance was allegedly improperly billed. The insurers paid over \$160,000 for billings from DiCesaro Spine and Sport for these athletes. Over \$140,000 alone was paid for services billed as office visits, gait training, therapeutic procedure and mechanical traction.

## FORGED PRESCRIPTIONS RESULT IN PRISON SENTENCE



Dennis and Joann Lusetich each pled guilty to one count of Drug Act Violation (F) and one count of Insurance Fraud (F3) in Allegheny County. The Lusetichs presented forged prescriptions for the Schedule II controlled substances Oxycontin and Percocet to a local pharmacy in the Pittsburgh area on various dates between January 2006 and July 2009. The Lusetichs wrote the prescriptions in family members' names in order to have them filled. The fraudulent prescriptions were then obtained by paying cash, utilizing Joann's mother's insurance with Medco and through Dennis' insurance with the Gateway Health Plan.

On September 28, 2010, Dennis was sentenced to serve 11 ½ to 23 months incarceration, 3 years concurrent probation, 5 years consecutive probation and was ordered to pay joint and several restitution of \$14,212.35 and all court costs. Joann Lusetich was sentenced to serve 5 years probation and was ordered to pay joint and several restitution of \$14,212.35 and all court costs.

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## ARRESTS

Insurance Fraud

- On September 8, 2010, Monika Welsh was arrested in Fayette County. According to the Criminal Complaint, Welsh reported to the State Workers' Insurance Fund and the Geico Insurance Company that she was injured in an auto accident in the scope of her employment as a nurse's aide on June 6, 2006. However, the Complaint stated that evidence collected from co-workers, medical records and a police officer shows that Welsh was injured during a rambunctious outburst of domestic rancor two days later on June 8, 2006. As a result of her alleged misrepresentation about the origin of her injuries, Welsh collected over \$85,000 in benefits from SWIF to which she was not entitled. Monika Welsh has been charged with one count of Insurance Fraud (F3), one count of Criminal Attempt (F3), one count of Workers' Compensation Fraud (F3) and one count of Theft by Deception (F3).
- On September 14, 2010, Kevin Pickell and Robert Pickell were arrested in Berks County. According to the Criminal Complaint, Kevin and Robert Pickell used more than \$163,000 in insurance premium payments for business expenses and the purchase of personal items. The victims of these alleged thefts are the insurers of businesses from New Jersey and New York and a labor organization from Philadelphia. These charges are in addition to the alleged theft of more than \$1 million in insurance premium and commission payments collected from six public school districts in Berks County, which were filed in January 2010. Kevin Pickell and Robert Pickell have been charged with two counts of Corrupt Organizations (F1), three counts of Theft by Failure to Make Required Disposition of Funds Received (F3) and one count of Criminal Conspiracy (F3).
- On September 7, 2010, Derek Lange was arrested in Franklin County. According to the Criminal Complaint, Lange was a police officer for the Waynesboro Police Department and began receiving workers' compensation benefits after he was injured on the job in August, 2009. Under the PA Heart and Lung

Act, Lange was entitled to continue to receive his regular salary from the Borough provided that he endorsed over to his employer any workers' compensation checks that he received. The Complaint stated the Penn National Insurance Company, the Borough's workers' compensation carrier, mailed eighteen checks to Lange between September 7, 2009 and May 3, 2010. However, of those checks, only three were allegedly signed over to the Borough by Lange. According to the Criminal Complaint, Lange had deposited the fifteen other workers' compensation checks into his personal bank account. Derek Lange has been charged with one count of Theft by Failure to Make Required Disposition of Funds (F3).

- On September 22, 2010, Tara Gaston was arrested in Dauphin County. According to the Criminal Complaint, Gaston tore the meniscus in her right knee on November 6, 2008, while employed as a service clerk. As a result of this injury, Gaston collected workers' compensation benefits from the American Home Assurance Company beginning on November 7, 2008. The Complaint further stated Gaston submitted LICB-760 forms reporting that she was not employed or self-employed while collecting worker's compensation benefits. However, the Complaint stated that Gaston was employed from January 26, 2009 to March 2, 2009 and from May 11, 2009 to September 5, 2009. Gaston received \$10,425.96 in workers' compensation benefits that she allegedly was not entitled to receive. Tara Gaston has been charged with two counts of Workers' Compensation Insurance Fraud (F3) and two counts of Theft by Deception (F3).
- On September 28, 2010, Jacob Dressler was arrested in Butler County. According to the Criminal Complaint, Dressler was the owner/operator of Clover Lane Farm, a cattle feeding farm. The Complaint stated that on 384 separate days between May 16, 2006 and June 4, 2007, Clover Lane Farm failed to carry workers' compensation insurance as required by the Pennsylvania Workers' Compensation Act. Jacob Dressler has been charged with 384 counts of Failure to Carry Workers' Compensation Insurance (F3).

- On September 29, 2010, Marcella Timmons was arrested in Chester County. According to the Criminal Complaint, in 2007, Timmons obtained a homeowners' insurance policy with the Allstate Insurance Company. In 2009, Timmons submitted a claim to Allstate reporting the property had been broken into and vandalized. Timmons claimed damages to a back door, broken window, and stolen copper pipes and during the presentation of the claim Timmons represented that she had been living in the property and that the theft/vandalism occurred while she was away for the weekend. However, the Complaint stated the property was never occupied by Timmons and had remained vacant since prior to Timmons obtaining the policy. Marcella Timmons has been charged with two counts of Insurance Fraud (F3 & M1) and one count of Criminal Attempt/Theft by Deception (M1).
- On September 22 & 23, 2010, Adam Hoffman and Karen Fornadel were arrested in Cambria County. According to the Criminal Complaint, Hoffman was arrested on September 7, 2008 and incarcerated in the Cambria County prison. While incarcerated, Hoffman was informed that someone vandalized his residence on or about September 9, 2008 by pouring ketchup and syrup throughout the kitchen and on furniture. Additionally, while still incarcerated, Hoffman's residence was again reportedly vandalized on September 15, 2008, with several items allegedly stolen. An insurance claim was filed with the State Farm Insurance Company. The Complaint stated that tapes of Hoffman's telephone calls from the Cambria County prison were obtained which revealed numerous conversations between Hoffman and Fornadel. The Complaint stated that during the course of these conversations, Hoffman and Fornadel discussed padding the insurance claim by adding items that were not stolen and by causing additional damage to the residence. Adam Hoffman and Karen Fornadel have been charged with two counts of Insurance Fraud (F3) and one count of Criminal Conspiracy/Theft by Deception (F3).
- On September 23, 2010, Debra Flaherty was arrested in Venango County. According to the Criminal Complaint, Flaherty began receiving disability benefits from the Boston Mutual

Insurance Company on or about January 8, 2009. Flaherty was unable to perform the duties of her nursing job due to back problems. The Complaint stated that although Flaherty returned to work on April 27th, she submitted documentation and made verbal representations to representatives of Boston Mutual that her expected return to work date extended to June 30, 2009. The Complaint also stated Flaherty represented to Boston Mutual that she was not currently working on a signed form submitted on April 27th. Debra Flaherty has been charged with one count of Insurance Fraud (F3) and one count of Theft by Deception (F3).

- On September 16, 2010, Desirae Warren was arrested in Allegheny County. According to the Criminal Complaint, Warren was not insured when she had a two-vehicle accident on March 1, 2010. The Complaint further stated that later that day, Warren purchased liability insurance from the Victoria Insurance Company. Thereafter, Warren filed a claim in which she allegedly misrepresented the time of the accident. Desirae Warren has been charged with one count of Insurance Fraud (F3) and one count of Criminal Attempt/Theft by Deception (F3).
- On September 29, 2010, Royden Snyder was arrested in Berks County. According to the Criminal Complaint, Snyder filed a workers' compensation claim with the Exeter Township School District in April of 2009 claiming that he injured his arm in November of 2008. Snyder was advised by the benefits clerk that his claim would not be considered. Snyder allegedly informed the benefits clerk that he would re-injure himself when he got to work. The Complaint also stated Snyder received numerous verbal and/or written notices that his job performance was substandard and he was subsequently fired on June 1, 2009. The Complaint further stated that on June 5, 2009, Snyder filed another workers' compensation claim reporting that he injured his left arm while working on May 27, 2009. According to the Criminal Complaint, Snyder did not sustain an injury on May 27th, but filed the claim because he was angry with his employer. Royden Snyder has been charged with one count of Workers' Compensation Fraud (F3) and one count of Criminal

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Attempt/Theft by Deception (M1).

- On September 23, 2010, Scott Peterson was arrested in Allegheny County. According to the Criminal Complaint, Peterson filed a claim with the Chubb Insurance Company, claiming that while working as a delivery man, another vehicle struck his work vehicle injuring his leg. However, according to the Complaint, an independent witness stated that Peterson was approximately 40 yards away from his vehicle when the accident occurred and was not injured as a result of the accident. Scott Peterson has been charged with one count of Insurance Fraud (F3) and one count of Criminal Attempt/Theft by Deception (M1).



- David Holland, Jr. pled guilty to one count of Insurance Fraud (F3) and Annette Kennedy pled guilty to one count of Insurance Fraud (F3) and one count of Criminal Conspiracy (F3) in York County. Holland, an excluded driver on Kennedy's Progressive Insurance auto policy, was involved in a three-vehicle collision while operating Kennedy's vehicle. Holland conspired with Kennedy to tell the Progressive Insurance Company that Kennedy was driving and Holland was her passenger. On September 21, 2010, David Holland, Jr. was sentenced to serve 9 to 23 months incarceration and ordered to pay all court costs. Annette Kennedy was sentenced to serve 2 years probation and ordered to pay all court costs.
- Neil Cooley pled guilty to one count of Insurance Fraud (F3) in Allegheny County. Cooley was in an accident which slightly damaged his motorcycle. Later that same day, Cooley obtained insurance coverage for the motorcycle from the Sentry Insurance Company. During the application process, Cooley told Sentry that the motorcycle had no pre-existing damage. Then three weeks later, Cooley filed a claim with Sentry, misrepresenting the date of the accident. On September 16, 2010, Neil Cooley was sentenced to serve 9 to 18 months incarceration followed by 4 years probation

and was ordered to pay restitution of \$7,505.62 and all court costs.

- Matthew Bennett pled guilty to one count of Insurance Fraud (F3) in Cambria County. Bennett called the Allstate Insurance Company on September 13, 2008, at approximately 4:56 p.m., and added collision coverage to his policy on a 2004 Dodge Neon. On September 19th, Bennett contacted Allstate and reported that his Neon was involved in an accident on September 14th. The accident actually occurred on September 13th, at approximately 3:00 a.m., prior to Bennett adding collision to his policy. On September 30, 2010, Matthew Bennett was sentenced to serve 3 to 23 months incarceration and was ordered to pay all court costs.
- Patrick Kitonis pled guilty to one count of Workers' Compensation Insurance Fraud (F3) in Allegheny County. Kitonis was injured while unloading a truck in October 2006, and began to collect workers' compensation benefits from SWIF. Though Kitonis began to work full-time in October 2007, he concealed this employment from SWIF. Kitonis denied such employment on two forms submitted to SWIF. As a result of this deception, Kitonis obtained \$19,748.56 in benefits to which he was not entitled. On September 7, 2010, Patrick Kitonis was sentenced to serve 6 months house arrest followed by 7 years probation and ordered to pay restitution of \$19,748.56 and all court costs.
- Victoria Roebuck pled guilty to one count of Insurance Fraud (F3) in Lancaster County. Roebuck, while driving her mother's car on November 21, 2007, ran a stop sign and crashed into another vehicle. Roebuck misrepresented herself to the driver of the other car as "Janice" Roebuck, her mother. The vehicle was insured by the Progressive Insurance Company and Victoria was listed as an excluded driver. On September 30, 2010, Victoria Roebuck was sentenced to serve 5 years intermediate punishment with the first 6 months under house arrest, ordered to perform 100 hours of community service and to pay a fine of \$100 and all court costs.

- Craig Hashagan pled guilty to one count of Criminal Attempt/Theft by Deception (F3) in Luzerne County. Several hours after totaling his uninsured VW Golf on October 25, 2008, Hashagan contacted the Allstate Insurance Company and reinstated his lapsed vehicle insurance coverage. Hashagan subsequently filed a claim in which he falsely reported to Allstate that the accident occurred shortly after midnight on October 26, 2008. Additionally, during February 2009, Hashagan filed a second claim for damage to the Golf. This time Hashagan told Allstate that the accident happened near his home and that he used a friend's truck to tow the car to his house. An investigation revealed that Hashagan's vehicle had been towed to a body shop prior to the purported date of the second accident and had remained there. On September 28, 2010, Craig Hashagan was sentenced to serve 4 to 23 months intermediate punishment with the first 4 months under house arrest and was ordered to pay all court costs.
- The American Business Insurance Services (ABIS) pled guilty to one count of Insurance Fraud (F3) and three counts of Theft by Failure to Make Required Disposition of Funds (F3) in Montgomery County. During an eight month period in 2006 and 2007, monies came into ABIS in excess of \$250,000 for premiums on over 70 insurance policies. These policies were written for insurance with RCA Insurance Company, USG Insurance Company and Navigators Specialty Insurance Company. The policy premiums were collected from the client businesses and placed in ABIS' escrow account. From the escrow account, however, monies were transferred to ABIS' operating account to pay the operating expenses of the business. An investigation revealed that these insurance companies never received the premium monies in any of these circumstances. On September 23, 2010, ABIS was sentenced to serve 10 years probation, ordered to pay restitution of \$227,287.02 and all court costs and was barred from the Insurance Business in Pennsylvania.
- Jacqueline Miller pled guilty to one count of Insurance Fraud (F3) in Westmoreland County. Miller began collecting long-term

disability benefits from the Unum Insurance Company. Miller claimed to have a severe asthmatic condition that could not be controlled and rendered her incapable of returning to work. Miller was told by Unum to list any "deductible sources" of income, including social security benefits. None were listed. An investigation revealed that Miller was receiving social security benefits for herself and her children at the same time she was collecting disability benefits from Unum. Moreover, Miller denied in writing and in telephone conversations with Unum that she was receiving other benefits. On September 7, 2010, Jacqueline Miller was sentenced to serve 5 years probation and ordered to pay restitution of \$37,203.66 and all court costs.

- Michael Bates pled guilty to one count of Altered or Illegally Obtained Property (F3), one count of Insurance Fraud (F3), and two counts of Receiving Stolen Property (F3) in Westmoreland County. Bates sold a stolen motorcycle engine and frame to an undercover PSP trooper via the Internet site, Craig's List. Thereafter, a search of Bates' residence yielded a number of stolen motorcycle parts, some with obliterated VINs. Furthermore, Bates was found to be in possession of a motorcycle that he had reported stolen to the police and the Nationwide Insurance Company. On September 16, 2010, Michael Bates, Jr. was sentenced to serve 3 years probation and ordered to pay restitution of \$1,450 and all court costs.
- Robert and Nancy Compton pled guilty to one count of Criminal Conspiracy (F3) and one count of Insurance Fraud (F3) in Bucks County. Robert Compton struck a parked car while driving his truck. Compton was alone at the time. Compton falsely reported to the Travelers Insurance Company that his truck was side-swiped on the highway by another truck that drove away. Compton also falsely reported that his wife Nancy was in his truck and injured as a result of this incident. Through an attorney, the Comptons filed claims with Travelers for, among other things, medical expenses that Nancy had supposedly incurred. On September 14, 2010, Robert and Nancy Compton were sentenced to serve 2 years probation and ordered to perform

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community service (Robert – 150 hrs & Nancy – 50 hrs) and pay joint and several restitution of \$1,161.08 and all court costs.

- Philip Bushee pled guilty to one count of Insurance Fraud (M1) in Beaver County. Bushee applied for a \$1.5 million life insurance policy from the Prudential Insurance Company and fraudulently concealed his extensive drug history and arrest record. Bushee also caused prescriptions costing \$1,306.72 for the heroin-withdrawal medication, Suboxone, to be submitted to Highmark under his prescription policy, even though he intended to divert the drug to a friend who did not have insurance. On September 24, 2010, Philip Bushee was sentenced to serve 2 years probation and ordered to pay a fine of \$500, restitution of \$1,306.72 and all court costs.
- Debra Zilch pled guilty to one count of Insurance Fraud (F3) in Cambria County. Zilch reported to the State Farm Insurance Company that she had been involved in an automobile accident on February 9, 2008. Our investigation revealed that the accident actually occurred on February 5th, during a time that Zilch's policy with State Farm had lapsed. On September 9, 2010, Debra Zilch was sentenced to serve 2 years probation and ordered to pay a fine of \$100 and all court costs.
- Jason Raudenbush pled guilty to one count of Insurance Fraud (F3) in Montgomery County. Raudenbush was injured while working at Teva Pharmaceuticals. Following the injury, Raudenbush submitted a claim to the Aetna Insurance Company under a long-term disability policy and began receiving benefits. Subsequently, Raudenbush obtained employment and failed to notify Aetna that he was healthy enough to work and that he had found another job and misrepresented that he was not employed. On September 22, 2010, Jason Raudenbush was sentenced to serve 2 years probation and ordered to pay restitution of \$11,225.58 and all court costs.
- Bradley Hines pled guilty to one count of Theft by Deception (M1) in Westmoreland County. Hines abandoned his Honda Civic to members of a motorcycle theft ring, who

staged a theft of the motorcycle so that Hines could file an insurance claim. As a result, the State Farm Insurance Company paid Hines \$7,708.90 in benefits. On September 16, 2010, Bradley Hines was sentenced to serve 2 years probation and ordered to pay restitution of \$5,061.40 and all court costs.

- Allan and John Brauer pled guilty to one count of Criminal Conspiracy/Insurance Fraud (M1) and Allan Brauer also pled guilty to one count of Insurance Fraud (F3) in Bucks County. Allan, an unlicensed individual, solicited his brother, John to obtain automobile insurance for him on a 1992 Grand Am from the Infinity Insurance Company and to misrepresent on the insurance application that John was living at the insured address and would be the primary driver of the vehicle. Some months later Allan was involved in an accident and left the scene. When confronted, Allan misrepresented that a friend of his was driving the vehicle. On September 29, 2010, Allan Brauer was sentenced to serve 1 year probation and ordered to pay a fine of \$500 and all court costs and John Brauer was sentenced to serve 6 months probation and ordered to pay a fine of \$500 and all court costs.
- Gina Saunders pled guilty to one count of Insurance Fraud (F3) in Allegheny County. On January 28, 2009, Saunders filed a claim with the Infinity Insurance Company reporting that her Toyota was damaged during a motor vehicle accident that occurred on January 27, 2009. Our investigation revealed that Saunders' Toyota was stored in an impound lot on January 27th because of an accident that occurred on January 26th. Saunders' automobile policy with Infinity had lapsed because of non-payment prior to the accident. Saunders reinstated the policy and filed the claim misrepresenting the date of the accident. On September 21, 2009, Gina Saunders was sentenced to serve 9 months probation and ordered to pay all court costs.

### (ARD) DISPOSITIONS

During the month of September, seven additional defendants received Accelerated Rehabilitative Disposition (ARD).